

Message Text

PAGE 01 STATE 299614

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

S E C R E T STATE 299614

NODIS

FROM UNDER SECRETARY ROGERS FOR THE AMBASSADOR

FOLLOWING REPEAT STATE 299614 ACTION USDEL SECRETARY DTD 09 DEC 76.

QTE: S E C R E T STATE 299614 TOSEC 320129

NODIS

FOR THE SECRETARY FROM UNDER SECRETARY ROGERS

E.O. 11652: XGDS-3

TAGS: ENRG

SUBJECT: OPEC PRICE INCREASE

1. FOR YOUR TALKS WITH THE NATO LEADERS, AND WITH THE BRITISH, YOU MIGHT WISH TO HAVE IN MIND WHAT WE HAVE DONE SO FAR IN AN EFFORT TO MODERATE THE OPEC PRICE INCREASE. I PROMISED THE BRITISH, THE GERMANS AND THE FRENCH WHEN I MET WITH THEM THREE WEEKS AGO THAT WE WOULD KEEP THEM ADVISED, AND WE HAVE PRETTY WELL DONE SO ON THE STAFF LEVEL.

-- WE SENT STRONG LETTERS FROM THE PRESIDENT TO THE CHIEFS

SECRET

PAGE 02 STATE 299614

OF STATE OF SAUDI ARABIA, IRAN AND VENEZUELA;

-- YOU CALLED IN THE AMBASSADORS OF THESE SAME COUNTRIES;

-- WE MADE AMBASSADORIAL DEMARCHE IN ALL REMAINING OPEC CAPITALS TO DISCUSS THE EFFECTS OF AN INCREASE;

-- YOU WROTE TO FOREIGN MINISTERS IN SELECTED LDC'S ENCOURAGING THEM TO EXERT INFLUENCE ON OPEC;

-- WE SENT SUPPLEMENTARY GUIDANCE TO ALL POSTS FOR USE IN CONTACTS WITH HOST GOVERNMENTS ON THE IMPACT;

-- WE GOT THE IEA TO LAUNCHTHE PROCESS OF ESTABLISHING TARGETS OF REDUCED DEPENDENCY -- PERHAPS THE MOST SIGNIFICANT MOVE WE CAN MAKE OVER THE LONG-TERM -- AND INVITED THE MEMBER COUNTRIES TO CONSULT ON THEIR AND OUR EFFORTS TO DETER AN INCREASE;

-- OUR DELEGATION SPOKE OUT IN CIEC ON THE ECONOMIC EFFECTS OF AN INCREASE ON THE WORLD ECONOMY AND ON THE GROWTH PROSPECTS OF THE NON-OIL LDC'S;

-- I MET WITH THE IRANIANS AND WITH PRESIDENT CARLOS ANDROS PEREZ OF VENEZUELA;

-- AND I MET WITH THE BRITISH, FRENCH, GERMANS AND JAPANESE AS WELL TO COORDINATE OUR EFFORTS;

-- WE SENT OUR INTERNAL STUDY ON THE WORLD ECONOMIC IMPACT OF A PRICE RISE TO ALL THESE SAME GOVERNMENTS, AND TO THE EC AND DUTCH;

-- WE ALSO SENT TO EMBASSIES FOR USE IN THEIR DISCUSSIONS WITH LOCAL OFFICIALS A SUMMARY OF A BLS ANALYSIS SHOWING THAT OPEC IMPORT PRICES HAVE GONE UP LESS THAN FIVE PER-CENT SINCE THE LAST PRICE RISE, THUS PROVIDING ARGUMEN-TATION TO REFUTE AN OPEC ANALYSIS PURPORTEDLY SHOWING THAT THESE PRICES HAVE RISEN 26 PERCENT;

-- WE REPEATED TO EMBASSIES A SUMMARY OF A PARALLEL STUDY
SECRET

PAGE 03 STATE 299614

BY THE JAPAN-MIDDLE EAST AGENCY WITH FINDINGS SIMILAR TO THE BLS STUDY;

-- AND FINALLY,JULES AND I REVIEWED THE ARGUMENTS CON-TAINED IN THESE STUDIES YESTERDAY WITH INDONESIAN MINISTER OF MINES SADLI, WHO IS THE PRESIDENT OF OPEC.

2. AS OUR LAST MOVE, WE PLAN TO DISTRIBUTE TO ALL EMBASSIES THE SUBSTANCE OF OUR INTERNAL ECONOMIC IMPACT STUDY. IT IS ALREADY IN THE PRESS AND APPEARED YESTERDAY IN THE WASHINGTON POST. WE PLAN ALSO TO GIVE FURTHER PUBLICITY TO THE LBS STUDY.

3. THIS DONE, I THINK WE WILL HAVE MADE A COMPREHENSIVE
EFFORT, PUBLICALLY AND PRIVATELY, SETTING FORTH OUR
POSITION THAT NO INCREASE IS JUSTIFIED AND ANY INCREASE

WOULD HAVE DAMAGING EFFECTS. IT WILL, OF COURSE, BE
IMPOSSIBLE TO QUANTIFY THE EFFECTS OF OUR EFFORTS, BUT
WE BELIEVE THAT IT HAS STRENGTHENED THE POSITION OF THE
MODERATES WITHIN OPEC AND CAUSED THE EXTREMISTS TO CUT
BACK SUBSTANTIALLY THEIR OPENING DEMANDS. ROBINSON
UNQTE: ROBINSON

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